

Message Text

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ACTION IO-14

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TAGS: UNGA, EGEN, TGEN, DAC, GATT, IMF, UNCTAD

SUBJECT: SHIFRING ECONOMIC EMPHASIS

1. A NEW EMPHASIS WAS PLACED ON A WHOLISTIC APPROACH TO ECONOMIC/FINANCIAL, DEVELOPMENT ISSUES AND PROBLEMS OF INTERNATIONAL ECONOMIC COOPERATION IN THE 28TH GA. SPECIFICALLY, THE INTERRELATIONSHIPS BETWEEN MONETARY, TRADE, ASSISTANCE AND SCIENCE AND TECHNOLOGY ISSUES WHICH AFFECT DEVELOPMENT WERE MORE FINELY AND FREQUENTLY TRACED IN THE SECOND COMMITTEE DEBATES AND RESOLUTIONS. DOGGED REFERENCES TO LAGGING ASSISTANCE LEVELS WERE THEREFORE SOMEWHAT DILUTED. USUN BELIEVES THAT FACTORS CONTRIBUTING TO THIS DEVELOPMENT ARE: 1) DISILLUSIONMENT OF MANY COUNTRIES WITH THE MULTILATERAL ASSISTANCE SYSTEM; 2) INCREASING SOPHISTICATION AND ASSERTIVENESS OF SELECTED LDC GOVERNMENTS IN THEIR APPROACH TO DEVELOPMENT ISSUES; 3) THE COMMODITY PRICE BOOM; 4) ONGOING MONETARY REFORM AND TRADE TALKS AGAINST THE BACKGROUND OF DISTURBANCES

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ON A GLOBAL BASIS IN THOSE AREAS: AND 5) THE REVIEW

AND APPRAISAL OF THE STRATEGY FOR DDII. SOME ELABORATION
ON THESE 5 FACTORS, ENUMERATION OF SOME AND EFFECTS
OF THE RESULTANT EMPHASIS ON THE WHOLISTIC APPROACH
TO DEVELOPMENT ISSUES ON THE 28TH GA FOLLOW:

2. DISILLUSIONMENT AND ITS EFFECT: TWO STATEMENTS
MADE BY AFRICAN HEADS OF STATE ARE SYMPTOMATIC OF A
GENERAL DISSATISFACTION WITH THE MULTILATERAL ASSISTANCE
SYSTEM GOING WELL BEYOND THE TRADITIONAL GRIPEs ABOUT
SLOW DELIVERY HIGH OVERHEAD, INDIVIDUAL IPF'S AND
THE NEED FOR SPECIAL FUNDS FOR "SPECIAL " CATEGORIES OF COUNTRIES.
GENERAL MOBUTU SES KOKO OF ZAIRE IN A SCATHING ATTACK
ON THE EXISTING TECHNICAL AND FINANCIAL ASSISTANCE
SYSTEM SAID THAT "PARADOXICALLY ENOUGH, ASSISTANCE
BENEFITS THE DONOR COUNTRY ABOVE ALL." HE WENT ON
TO MAKE A PLEA FOR CHANGES IN THE SYSTEM TO RID IT
OF ITS INJUSTICES AND TO CONSTRUCT A SYSTEM OF
ASSISTANCE TO "UNDER EQUIPPED" NATIONS BASED ON A
"SOLIDARITY AND ASSISTANCE ON THE WORLD LEVEL...WITHOUT
CALCULATION AND WITHOUT ULTERIOR MOTIVES." HE
EMPHASIZED THE OVERRIDING IMPORTANCE OF DEVELOPMENT
ISSUES BY SAYING THAT " THE WORLD IS NO LONGER DIVIDED
BY IDEOLOGY , NOR EVEN ALL THAT MUCH BY RACE OR
POLITICAL GEOGRAPHY, BUT BY ECONOMICS, AND THIS IS
THE REAL ESSENCE OF THE QUESTION OF RELATIONS AMONG
PEOPLES OF THE WORLD TODAY." GENERAL GOWAN, SPEAKING
FOR THE ORGANIZATION OF AFRICAN STATES, RESTATED THE
NON-ALIGNED POSITION THAT OFFICIAL ECONOMIC ASSISTANCE
IS NOT A PANACEA FOR DEVELOPMENT PROBLEMS AND THAT
EXISTING INTERNATIONAL ECONOMIC MECHANISM MUST BE
MODIFIED. HE SAID, "IN THEIR OWN SELF-INTERES, IF
NOT FOR THE SAKE OF HUMANITY IN GENERAL, THE RICH
NATIONS SHOULD AT LEAST GIVE US AN EVEN CHANCE OF PULLING
OURSELVES UP. IT IS NO LONGER OUR INTENTION TO GO
CAP IN HAND TO THE DOOR OF THE RICH. WHAT WE WANT AND
DEMAND IS THE OPPORTUNITY FOR OUR OWN PEOPLE TO BE
AFFORDED A CHANCE OF ACQUIRING THOSE SKILLS AND ELEMENTS
OF TECHNOLOGY WITHOUT WHICH NO DECENT AND PROGRESSIVE
ECONOMIC SYSTEM CAN BE STRUCTURED AND MAINTAINED IN
THE MODERN WORLD."

3. SURPRISINGLY ENOUGH, AND FOR THE US POINT OF
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VIEW A DEFINITE ADVANTAGE, DISILLUSIONMENT WITH THE
SYSTEM DID NOT UNIFORMLY EXPRESS ITSELF IN INCREASINGLY
STRIDENT DEMANDS THAT THE DC'S MEET THE IDS FINANCIAL
TARGETS. WHILE NO ONE WOULD EXPRESS SATISFACTION WITH
THE FACT THAT ODA HAS REACHED .35 PERCENT WHILE THE
TARGET IS .7 PERCENT OF GNP, THERE IS A TENDENCY TO HARP
LESS ON THAT GAP WHILE SPREADING AROUND "DEMANDS" IN OTHER
AREAS DIRECTLY AFFECTING DEVELOPMENT, SUCH AS

"DEMOCRATIZATION" INTERNATIONAL MONETARY DECISIONS-
MAKING, THE SDR-DEVELOPMENT ASSISTANCE LINK, GUARANTEED
PARTICIPATION AND BENEFICIAL RESULTS FROM TRADE TALKS,
EFFECTIVE AND TIMELY COMMODITY AGREEMENTS ETC.
4. SOPHISTICATION AND ASSERTIVENESS: INCREASING
AWARENESS OF LINKAGES BETWEEN FACTORS OF DEVELOPMENT
SURELY IS A TRIBUTE TO THE SYSTEMS OF BILATERAL AND
MULTILATERAL ASSISTANCE MOUNTED OVER THAT FIRST QUARTER
CENTURY, AND A HEALTHY THING. SIMPLISTIC DEMANDS FOR
ADDITIONAL FUNDS WHICH MANY RECOGNIZE COME ONLY WITH
THEIR ENTOURAGE OF COSTLY ENCLAVES OF EXPERTS, AND
UNIMPLEMENTED FEASIBILITY STUDIES ARE RIGHTLY BEING DE-
EMPHASIZED. HANDS GRAVITE FROM THE ASSISTANCE CUP TOWARD THE
LEVERS OF POWER WHICH PROVIDE "LASTING" BENEFITS, E. G.
SOME PART IN DECISIONS OF DEVALUATION OF KEY CURRENCIES,
DECISIONS WHICH DIRECTLY AFFECT DEVELOPING COUNTRIES'
FOREIGN EXCHANGE RESERVES, DEBT SERVICING SCHEDULES,
3/0945 OPPORTUNITIES. LDC ASSERTIVENESS FLOWS FROM
INCREASING SOPHISTICATION BUT ALSO FROM A NUMBER OF
OTHER FACTORS INCLUDING THE FX PLATFORM PROVIDED
BY COMMODITY PRICE BOOM, "HOMEWORK" ACCOMPLISHED AT
4TH NAC (SEE SEPTEL) AND CERTAIN FISSURES IN DC'S
APPROACH TO DEVELOPMENT ISSUES. THE LATTER IS BEST
ILLUSTRATED BY THE SYMPATHETIC ATTITUDES TAKEN BY
THE NETHERLANDS, THE NORDICS AND TO LESSER DEGREE
JAPAN TOWARD LDC OBJECTIVES IN MULTILATERAL ECONOMIC
DIPLOMACY.
SCHAUFEL

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5. COMODITY PRICES: DRAMATIC PRICE INCREASES FOR ALMOST ALL COMMODITIES AND CONSEQUENT INCREASES IN FOREIGN EXCHANGE RESERVES HAVE RELIEVED MANY GOVERNMENTS OF THE NEED TO PRESS PERSISTENTLY AT THIS TIME FOR ADDITIONAL MULTILATERAL ASSISTANCE ON EXISTING TERMS. IT HAS ALSO GIVEN THEM "BREATHING TIME" TO LOOK AT THE OTHER ISSUES, AND IT HAS SHARPENED THEIR SEARCH FOR MEANS TO SAFEGUARD, PROLONG AND POSSIBLY PERPETUATE THE FX "WINDFALL." THIS LATTER POINT, MOST FORCEFULLY STATED UP BY AUSTRALIAN REP IN COMMITTEE DEBATE, WAS IMPLICIT IN MANY STATEMENTS BY LDC REPS.

6. PREOCCUPATION WITH MONETARY AND TRADE ISSUES, WHETTED BY ONGOING MULTILATERAL NEGOTIATIONS AND DAILY NEWS REPORT OF "CRISIS", PRODUCED TWO SIGNIFICANT RESOLUTIONS ELABORATED OVER A THREE WEEK PERIOD OF INTENSE NEGOTIATIONS. FELICITIOUSLY, AND IN LARGE MEASURE DUE US EFFORT, THE RESOLUTIONS NEGOTIATED ACCURATELY REFLECTED STATE OF PLAY IN THE RESPONSIBLE AGENCIES, E. G. IMF AND GATT, AND THEREFORE REPRESENTED LIMITED OFFICIAL USE

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GA'S HEALTHY CONCERN RATHER THAN MEDDLING INTERFERENCE.

7. THE TWO-YEAR REVIEW AND APPRAISAL EXERCISES, WHICH CULMINATED IN GA, COVERING "WATER FRONT" OF INTERNATIONAL COOPERATION AND DEVELOPMENT ISSUES, ENCOURAGED 135 MEMBER COMMITTEE TO TAKE "WHOLISTIC" APPROACH. ALTHOUGH INTENSE 8 WEEK NEGOTIATIONS OF RA WORKING PARTY CONCENTRATED ON SELECTED PARAS OF FINAL PAPER, THOSE PARAS CONTAINED KEY ISSUES OF DIVISION OF DEVELOPMENT LABOR BETWEEN LDC'S AND DC'S, MONETARY TRADE AND ASSISTANCE LEVELS, AND THUS WAS NOT A PAROCHIAL ONE-THEME DISCUSSION OF "TARGETS". THE ULTIMATE CONSENSUS DECISION, UNFORSEEN BY PARTICIPANTS IN EARLIER PHASES OF EXERCISE, REPRESENTED IN MINIATURE THE TONE OF THE SECOND COMMITTEE SESSION, IN THAT THE URGE TO CONFRONTATION AND VOTING-MACHINE TACTICS WERE LARGELY SHUNNED. CONFRONTATION ON TARGETS WOULD HAVE BEEN INEVITABLE. INSTEAD, ALL ACCEPTED "HALF A LOAF" ON THE MUCH WIDER RANGE OF ISSUES REFLECTED IN THE DOCUMENT.

8. THE NEW EMPHASIS ON "WHOLISTIC" APPROACH TO

DEVELOPMENT ISSUES IN THIS GA YIELDED CONCRETE AND, FROM US POINT OF VIEW, HELPFUL RESULTS. IN ADDITION TO THE RESOLUTIONS ON MONETARY, TRADE AND R/ A MENTIONED ABOVE, THE GA PRODUCED TWO FAR-REACHING RESOLUTIONS REFLECTING A CONCERN WITH THE "BROAD" ASPECTS OF DEVELOPMENT : THE US-INSPIRED WFC RESOLUTION AND THE NAC-INSPIRED SPECIAL GA SESSION RESOLUTION. IN BOTH INSTANCES, THE FOCUS OF THE PRELIMINARY DRAFT RESOLUTIONS WAS EXPANDED IN INTENSE CONSULTATION WITH RESPECTIVELY THE NON-ALIGNED AND THE US TO ENCOMPASS GENERAL DEVELOPMENT ISSUES AND THUS CONSENSUS DECISIONS. (SEE SEP WRAP-UP. USUN CABLES ON THESE RESES).

9. THE IMPLICATIONS OF THIS SHIFT IN EMPHASIS WILL EIGH HEAVILY IN DETERMINING THE PLANNING, SCOPE, AND CHARACTER OF THE SPECIAL SESSION OF THE GA SLATED FOR 1975.
SCHAUFEELE

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